



# ***State of Oregon Use Fuel User Tax Report***

## ***INSTRUCTIONS***

Forms available at:

[www.oregon.gov/odot/cs/ftg](http://www.oregon.gov/odot/cs/ftg)  
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SALEM OR 97301-2530  
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# INSTRUCTIONS FOR USE FUEL USER TAX REPORT (form 735-1325):

## WHAT TO INCLUDE IN THIS REPORT:

The Use Fuel User Tax Report and supporting schedules are used to report and calculate tax due on Use Fuel consumed in motor vehicles operated on public roads. The most common Use Fuel is clear diesel, but use fuel also includes propane, CNG, LNG, biodiesel, and any other combustible gas, liquid, or material (not gasoline). Generally, dyed diesel is not reportable as use fuel under Oregon laws because Federal law prohibits the use of dyed diesel to propel vehicles on highways. Dyed diesel should not be included in this report unless the dyed diesel is being used to propel vehicles on the highways, in spite of the Federal prohibition.

### ***Reporting Period and User Information:***

Write in the period for which this report is being prepared. Reports are due (received in the office) on or before the due date for the applicable reporting period.

Complete the user name, address and license number fields in the header section of the report.

### ***Line 1. Taxable Gallons of Use Fuel***

Complete schedule A for vehicle operations. Bring the total from column 12 of the schedule to line 1 of the tax report.

### ***Line 2. Fuel Purchased Tax-Paid***

Complete schedule B for bulk fuel purchases and/or schedule C for retail and cardlock fuel purchases. Bring the total(s) from the 'tax-paid fuel' column(s) of the schedule(s) to line 2 of the tax report. Include copies of invoices/receipts showing payment of the tax. Do not include tax paid fuel for which a Motor Carrier Transportation Division (MCTD) fuels tax credit has been/will be given.

### ***Line 3. Total Taxable Gallons of Use Fuel***

Subtract line 2 from line 1 and enter the result on line 3.

### ***Rules for Rounding (Lines 1 through 3)***

If your schedule includes fractional gallons, round up or down to the nearest whole gallon. For example, 12,915.502 gallons rounds up to 12,916 gallons while 43,258.398 gallons rounds down to 43,258 gallons.

### ***Line 4. Use Fuel Tax***

Multiply the gallons on line 3 by the current tax rate as indicated.

### ***Line 5. Interest***

Interest is due when the report and/or payment is received after the due date. Interest is computed on the net tax due as shown on line 4. The interest rate is 0.0329% per day (0.000329).

**How to Compute Interest:**

Enter the due date in the first box, and enter date paid in the second box on line 5. Count the number of days late, and enter in the third box on line 5.

Multiply the tax on line 4 by the number of days late by 0.000329 (the daily interest rate), and enter the result on line 5. For example, if you owed \$3500 in tax, and were 10 days late with your payment, the interest due would be \$11.52 ( $3500 \times 10 \times 0.000329$ ).

**Line 6. 10% Late Payment Penalty**

The 10% late payment penalty is due whenever your report and/or payment is received after the due date. The penalty is computed on the net tax due. To calculate the penalty, multiply the net tax as computed on line 4 by 0.1 (ten percent); enter the result on line 6.

You may request, in writing, a waiver of the late payment penalty. When your request is received, filing history and other factors will be reviewed to determine whether you meet the criteria for a penalty waiver. Payments are applied first to penalty, then to interest, then to tax. Any remaining balance will continue to accrue interest until paid.

**Line 7. 25% Unlicensed Use Penalty**

The 25% unlicensed use penalty is due whenever you purchase tax-deferred use fuel without first obtaining a user license. The penalty is computed on the net tax due. To calculate the penalty, multiply the net tax as computed on line 4 by 0.25 (twenty-five percent); enter the result on line 7.

You may request, in writing, a waiver of the unlicensed use penalty. When your request is received, it will be reviewed to determine whether you meet the criteria for a penalty waiver. Payments are applied first to penalty, then to interest, then to tax. Any remaining balance will continue to accrue interest until paid.

**Line 8. Other Amounts Paid or Deducted**

List additional obligations being paid or pre-approved credits being taken and provide supporting documentation.

**Line 9. Total Due**

Add the amounts on lines 4, 5, 6, 7, and 8, and enter the total on line 9.

**CERTIFICATION OF USER:** Sign and date the completed form on the lines provided, and legibly print the name of the person signing the form, and their title. Print the name and title of the report preparer on the line indicated, if other than the person signing the report.

# INSTRUCTIONS FOR SCHEDULE A – VEHICLE OPERATIONS

## WHAT TO INCLUDE ON THIS SCHEDULE:

Schedule A is used to record mileage and fuel consumption for vehicles subject (either partially or entirely) to the Use Fuel Tax. Vehicles subject partially to fuels tax include vehicles that have out of state or off road mileage or have part of their operations that are subject to the weight/mile tax.

### ***Column 1: Vehicle Equipment Number***

Enter the identifying number assigned by the company. If a card-operated fueling system is used, including the card name or number in this field will assist in associating fuel purchases to the specific vehicle.

### ***Column 2: Vehicle Emblem or Plate Number***

Enter the emblem number assigned to this vehicle by the Fuels Tax Group or the qualified MCTD credentials (e.g. weight receipt, plate number, etc.)

### ***Column 3: Ending Odometer Reading***

Enter the odometer reading from the vehicle, taken at the close of operation on the last day of the calendar month (or last day of the calendar report period). This figure will also be the beginning odometer reading for the next report period. Gaps in odometer readings are one of the most common errors resulting in tax adjustment.

### ***Column 4: Beginning Odometer Reading***

Enter the odometer reading from the vehicle, taken at the beginning of operation on the first day of the calendar month (or first day of the calendar report period). This will be the same figure as the ending odometer reading from the prior report period.

### ***Column 5: Total Miles Traveled***

Column 3 minus column 4. This is calculated for each vehicle listed.

### ***Column 6: Out of State or Off Road Miles***

If the vehicle is operated outside the state of Oregon, or on privately-maintained roads, those miles may be deducted when determining the miles subject to Oregon Use Fuel tax. The miles claimed should be documented in the event of an audit. Acceptable documentation could include trip records or odometer readings that show the mileage when the vehicle left the state and when it returned.

**Column 7: Oregon Miles reported to MCTD**

If the vehicle operated is subject to Oregon's weight-mile tax for some of its operations, the miles reported to Motor Carrier Transportation Division may be deducted when determining the miles subject to Oregon Use Fuel Tax. Only deduct those miles which were reported as Oregon miles, and for which the weight-mile tax was paid. On-road operations exempt from the weight mile tax are subject to the Use Fuel tax.

**Column 8: Student Transportation Miles**

If the vehicle is used by a school or Education Service district or its contractor, the miles traveled while transporting students to and from school and school sponsored events may be deducted when determining the miles subject to Oregon Use Fuel Tax. School vehicles not used to transport students are not exempt from the tax.

**Column 9: Oregon Use Fuel Miles**

Subtract column 6, column 7 and column 8 from column 5 to determine the miles subject to Oregon Use Fuel tax.

**Column 10: Total Fuel Used**

Enter the total fuel used, by vehicle, *from all sources*. This includes Oregon fuel and fuel purchased out of state. Oregon fuel should be documented on schedule B or schedule C. This figure is used in conjunction with the total miles to compute average miles per gallon per vehicle for the report period.

**Column 11: Average Miles Per Gallon (MPG)**

Total miles traveled (column 5) divided by total fuel used (column 10). This takes into account all fuel purchased and all miles traveled during the report period.

NOTE: MPG will fluctuate from one report to the next due to the amount of fuel purchased in the period. This does not affect the taxable gallons calculated.

**Column 12: Taxable Gallons**

Divide column 9 by column 11 (Use Fuel miles divided by average MPG). This determines the gallons of fuel subject to the Use Fuel tax.

Forward the total of column 12 to line 1 of the Use Fuel User Tax Report (taxable gallons of fuel).

**PROPANE AND NATURAL GAS CONVERSION:**

For propane and CNG (compressed natural gas) a conversion factor is applied to the total gallons before computing the tax. Once the gallons are totaled on line 12, divide the gallons by the following factors to compute the related taxable gallons:

Propane: Total Gallons divided by 1.3 (for example, 1000 gallons / 1.3 = 769 taxable gallons)

Natural Gas: Total Gallons divided by 1.2 (for example, 1000 gallons / 1.2 = 833 taxable gallons)

# INSTRUCTIONS FOR SCHEDULE B – BULK FUEL STOCK SUMMARY

## WHAT TO INCLUDE ON THIS SCHEDULE:

This schedule is used to report use fuel stored and withdrawn from a bulk tank. This schedule takes into account mixing tax paid fuel and ex-tax fuel in a common storage tank. Oregon law requires that you maintain accurate records of fuel disbursed from bulk fuel tanks including the tax status of the fuel disbursed. The Fuel Consumption Record is an example of one method of meeting this requirement.

### ***Tank Name/Number/Descriptor***

For each bulk tank, enter the tank name or identifier. Use one column for each tank.

### ***Line 1: Inventory at beginning of month***

Enter the beginning physical inventory (number of gallons) of Use Fuel in each tank (broken down by tax status). The beginning inventory is the total gallons of Use Fuel on hand for that tank at the beginning of the reporting period. The beginning inventory **MUST** agree with the ending inventory for the previous reporting period.

### ***Line 2: Total Gallons Purchased***

Enter the total gallons of Use Fuel purchased during the reporting period for each tank.

### ***Line 3: Gallons Available for Use***

Enter the sum of line 1 plus line 2 for each tank.

### ***Line 4: Inventory at end of month***

Enter the ending physical inventory (number of gallons) of Use Fuel in each tank. The ending physical inventory is the total gallons of Use Fuel on hand in that tank at the end of the last day of the reporting period. Obtain total gallons on hand by actual physical measurement (for example, manual stick readings or electronic tank monitor readings). The ending inventory will be used as the beginning inventory for the next reporting period.

### ***Line 5: Use Fuel Consumed During Report Period (to be reported on Schedule A)***

Compute from consumption records the total gallons of fuel used in vehicles that will be reported on Schedule A.

### ***Line 6: Use Fuel Consumed During Report Period (NOT reported on Schedule A)***

Compute from consumption records the total gallons of fuel used in vehicles that will NOT be reported on Schedule A (e.g., vehicles subject 100% to weight/mile tax, equipment or vehicles used exclusively offroad, etc.)

# INSTRUCTIONS FOR SCHEDULE C – USE FUEL PURCHASED AND PRODUCED

## WHAT TO INCLUDE ON THIS SCHEDULE:

This schedule is used to detail all fuel produced (e.g, bio-diesel, etc.) and purchases of fuel **OTHER** than bulk fuel deliveries (e.g., retail service stations, cardlocks, etc.). Fuel purchased outside the state must be included on this schedule and included in column 10 of schedule A which is used to compute your vehicle MPG for the report period.

### ***Column 1: Equipment Number***

Enter the identifying number assigned by the company. If a card-operated fueling system is used, including the card name or number in this field will assist in associating fuel purchases to the specific vehicle.

### ***Column 2: Invoice Date***

Enter the date the fuel was purchased as shown on the invoice issued by the supplier. For cardlock billings, the invoice date is the date fuel is withdrawn.

### ***Column 3: Invoice Number***

Enter the invoice number from the retail or cardlock billing.

### ***Column 4: Purchased From***

Enter the name of the station or cardlock company from which you purchased fuel.

### ***Column 5: Purchase Location***

Enter the location (city and state at a minimum) where the fuel was purchased.

### ***Column 6: Type of Fuel***

Enter the type of use fuel purchased. Most often, this will be diesel, but may also be other use fuels such as propane, CNG, biofuels, etc.

### ***Column 7: Ex-Tax Gallons*** and

### ***Column 8: Tax-Paid Gallons***

Enter the number of gallons purchased either in column 7 OR column 8. Only include Oregon tax-paid gallons in column 8. Fuel taxes paid to other states may not be claimed as a credit but are entered in column 7.

Forward the total Oregon tax-paid gallons to the Sched. C box in line 2 of the Use Fuel User tax report.

## **INSTRUCTIONS FOR FUEL CONSUMPTION RECORD**

### **WHAT TO INCLUDE ON THIS FORM:**

The Fuel Consumption Record is a detailed record of fuel purchases and withdrawals from bulk storage tanks. The totals of these activities are forwarded to Schedule B.

At the beginning of each reporting period, record the tank inventory (must match the ending inventory from the previous period). During the reporting period, record purchases added to inventory and withdrawals made from inventory. Withdrawal records must identify the vehicle or piece of equipment/container into which the fuel was placed.

At the end of the reporting period, record the tank inventory reading. This will be the ending inventory figure for schedule B, line 4. Total the fuel disbursed to each vehicle or piece of equipment/container and forward to schedule A, column 10, for the corresponding vehicle. Fuel consumption for vehicles and equipment/containers not recorded on Schedule A are totaled on line 6 of Schedule B.

The consumption record is not required to be attached to your use fuel user report, but must be retained for at least three years from the due date of the report to document the fuel disbursements and be presented when requested by the department.